

Exchange Board

Meeting Minutes

April 3, 2012

1:00pm

Attendees: Meg Curran (Chair), Don Nokes (Vice-Chair), Linda Katz, Marta Martinez, Dwight McMillan, Tim Melia, Mike Gerhardt, Pam McKnight, Director Licht, Commissioner Koller, Secretary Costantino

- I. The meeting was called to order at 1:12 pm.
- II. Public Announcements:
 - a. Lt. Governor Roberts will be setting up a meeting with Governor Chafee in the next week to review the Screening Committee's discussions for the hiring of an Exchange Director and to talk about how he would like to continue forward with the hiring process.
 - b. The Mission/Vision has not yet been able to be brought to the Governor, we anticipate bringing that forward at the same meeting, so within the next week or so.
 - c. The IT RFP that was discussed at a prior meeting should be out in the very near future. This is a large-scale RFP involving many agencies and this adds to the timeline. It is forthcoming. It is close to wrapped up.
 - d. At the end of last meeting, there were questions about Basic Health Plan. There is currently a bill being put forward that would create the BHP in Rhode Island. One of the items that has held back state staff is the lack of federal guidance. We also want to conduct further analysis on the potential impact. The legislature has concerns about passing a bill without further federal guidance.
 - e. Mike Gerhardt asked if the bill to create a quasi-public Exchange Board had been introduced and Dan Meuse answered that it had not.
 - f. Linda Katz asked if it was his sense that the legislature would not give the BHP a green light without federal guidance. Dan answered there were

options, which include creating a legislatively directed commission to study the impacts. Other than that, the legislature hasn't indicated what it wants to do.

III. Strategic Communications – Maria Tocco

Presentation available upon request

- a. Direct Licht pointed out that “health reform,” as used in the presentation is very broad. This could include things across the various agencies that have nothing to do with the Exchange. Maria answered that this is health reform writ large, in order to provide context, but that communications around the Exchange in particular will be addressed a little later.
- b. Mike Gerhardt – the Governor is taking a look at the strategic planning we did... do you have a plan for disseminating that once it is approved? Maria answered that we hadn't yet discussed promoting the mission/vision, but that it's certainly an opportunity – we know the Director is coming on soon and we'd like to allow the Director to take that on. Mike Gerhardt added that perhaps it would be a good idea to do a basic press release given that the Director will take a while to be brought on board. This is an opportunity to inform the community about the Board and what we do. Maria agreed.
- c. Commissioner Koller added that in the wake of the Supreme Court arguments, it might be useful to have the Board address questions as to whether the possible break down of decisions might affect the Commission. Maria agreed, sharing that we'd had internal discussions and while we don't want to speculate about the decision, it might be a good idea. The Chair agreed that it is hard to make a definitive statement.
- d. Marta Martinez asked that we make sure this plan gets to the minority communities. Maria said that we are working with the Community Voices for Coverage and that this work will help us do that.
- e. Mike Gerhardt – is there a budget for the push side of this?
 - i. Maria Tocco – its all been earned media so far. Just because we hold a press conference doesn't mean people come.

- ii. Mike Gerhardt – you had good coverage on the Anniversary party event.
- iii. Maria Tocco – we did have limited coverage, but it just depends on the day whether folks show up.
- f. Linda Katz – translating the strategic plan into Spanish will be useful, and getting it on radio, including as many groups in the push as possible.

IV. SHOP – Deb Faulkner:

Presentation available upon request.

- a. Director Licht – Does the price of the product depend on how many enroll?
 - i. Deb Faulkner - No, plans are the same in or out of the exchange based on adjusted community rating rules. Notwithstanding the fact that rates are set, in the small group people can negotiate. Not within the small group – there’s a small group rate, which gets adjusted, based on those in your group. In 2014 it gets adjusted *only* by age.
- b. Secretary Costantino - The plan design is where the cost has some flex?
 - i. Deb Faulkner - Yes, that is where the employers look to for adjusting cost.
- c. Director Licht – They can get different rates from different providers.
 - i. Commissioner Koller – those plans would be out of compliance with state law.
- d. Director Licht – You said that the decision has been made to defer expanding group size for the SHOP in the future – who made that decision? Deb answered that that was correct and confirmed that she was putting that out there as a topic for discussion based on Stakeholder input.
- e. Dan Meuse – would like to add that before the Executive Order, we were working toward the Level II Application and creating a structure for that application. Some high-level items were brought to the Executive Committee on a “here’s where we’re going” level. The feedback from those discussions was to keep going in that direction and we would

reassess as time went on. This is reflecting the default position. The state staff, in consult with the cabinet level officials, we don't want to create two separate levels.

- i. Director Licht clarified he was trying to recall that discussion, but that his point was that the lines were blurred before and to the credit of the Lt. Governor and her team, we are in the lead and are a model. Again, the lines have been a bit blurred and it would be helpful to have the lines more defined going forward. These are ultimately, big decisions.
- f. Chair Curran – the decision-making as to the Exchange really needs to be taken on by the Exchange Director.
- g. Secretary Costantino – I would suggest that we need a “cheat sheet” as to where decisions are required by federal law, and where there is flexibility. A lot of the stuff we talked about fifteen months ago has evolved or not evolved. A presentation back then presented questions on sustainability and analysis on that question – did we ever go back to that presentation and get some of those questions answered – so we can see the flow in a more global sense. An excel sheet, for example.
 - i. Deb Faulkner – That makes a lot of sense. You're right to ask the question, and we can consider which decisions need to be made and make a list for you.
 - ii. Dan Meuse – To be clear, these are operating assumptions more than decisions. We take these discussions as well as the work groups and provide a draft strategy – these are draft assumptions and once recommended to the Governor become decisions.
- h. Commissioner Koller – None of the existing SHOP examples you provide here operate with a small business tax credit and are without mandates, at least in Utah and CT. Uptake would be presumably higher. Deb Faulkner agreed.
- i. Chair Curran – what is the decline in enrollment? Deb answered that we don't know which are staying and which are leaving, but we know that

decline in offer rate is due to shift in industries to a certain extent – the manufacturing core has declined in our state, for example, and they had high offer rates.

- j. Commissioner Koller – the employers offering is going down because of a switch in industries and the super small ones are finding other ways like spousal coverage. The <10 or <5 are finding other ways.
- k. Commissioner Koller – Administrative costs go down and price goes down at the same time, which is hard.
- l. Direct Licht – as far as the purchasing models, in employee choice – with 401(k)'s many accept the default – is there a default here? Deb state that there is, they can choose a benchmark plan or a defined contributions – we haven't set a specific model and haven't gotten to that level of testing, but there will further details on how you select that choice model and we haven't gotten there yet.
- m. Director Licht – there are people who, when you have massive choices, think it can be very confusing. Deb responded the question is how you define choice. What kind of choice and what is useful?
- n. Tim Melia – how many will stop offering? Do we know that? Deb responded that we wouldn't know definitively how employers would respond to these options.
- o. Chair Curran – what kind of front loading of education is there so that when there is choice, it isn't as difficult to make choices. FEHBP offers a lot of choice but there are HR employees to assist and presentations within the workplace.
 - i. Deb – one of the reasons we want to make this choice sooner than later is so that we can have that sort of support structure in place. We're going to have a choice model, so who is going to provide that support and how best can we provide it. The IT piece is easier to move forward if we have a sense of the kind of plans we are going to offer.

- p. Commissioner Koller – my understanding is that in Massachusetts, employer take up went up.
 - i. Deb said that this is the example we look to – they got 97% we think. More people went back to their employers than dropped. In Rhode Island we don't know exactly how this will play out.
- q. Commissioner Koller – With regional model, there is an assumption that this could be constructed some how – some how plans that aren't currently in the market could be brought in.
 - i. Deb – when you hear about the Exchange, you hear about regional models and interest in doing that a lot.
- r. Linda Katz -the question is also if more choice actually makes it cheaper.
- s. Director Licht – also, whether this brings better experiences for the consumer. Is there ability to learn anything about these decisions, from the other 99% of small businesses, who didn't go on the Exchange, to learn about their decisions?
 - i. Deb – they started with the limited choice model. We can see if it was just mandates and penalties that kept them in the game. Clearly, what drove uptake was not the SHOP. Not sure what else we can learn except a desire, perhaps to go beyond the limited choice model.
- t. Director Licht – how does this get determined? Is by Essential Health Benefits (EHB) or perhaps by Basic Health Plan (BHP)?
 - i. Deb – EHB determines the floor of the benefits that have to be offered. As to BHP, that's more on the individual side.
- u. Commissioner Koller – don't you need a certain level of enrollment?
 - i. Deb – the volume is considered more broadly than just those going through SHOP or Exchange. As far as the pricing model, that's a question we haven't answered, but so long as it reflects that approach it shouldn't matter if we do BHP.
 - ii. Dan Meuse – none of these, with the exception of the regional model, represent a vast difference, technologically speaking. This

allows us to not have to make a hard and fast decision before we're ready.

- iii. Matt Harvey – the regional model would be complex from a compatibility aspect. Also, if we were going to offer more than one, too, that would complicate things.
- v. Mike Gerhardt – Why would someone pick the SHOP as opposed to the direct or broker model?
 - i. Deb Faulkner – that's what we have to answer, why would they come through? In 2014, the only way to get the credit is through the Exchange. The other value proposition is the question of choice models and if they're truly appealing.
- w. Tim Melia – who was part of the research as to the employer preference? Deb Faulkner answered that it was RI only.
- x. Commissioner Koller – with regards to low opinion of the single carrier choice, they have no reference.
- y. Director Licht – Is there any sense that by giving full choice, there would be higher burden on administration through human resources? Someone might not be able to navigate on solely on his/her own.
 - i. Deb Faulkner – it probably didn't get down to that level, but it's important question. Also, what is the role of the Exchange in providing that support?
- z. Commissioner Koller – how fair is it to compare full choice to pension model?
- aa. Director Licht – we selected TIAA Cref. They'll have four people full time, fifty on the ground here for two months as we role out and 90 people on phone lines during the role out and webinars. 170-200 meetings – because its teachers and some municipal employees on top of state employees. They still expect a lot of people to take the default. We're also exploring the Exchange models for Medicare gap coverage plans. They assure people a 45-minute initial consult.

- bb. Don Nokes – has Massachusetts looked at why there was low take-up on the employer side and if they went to a different model, would that improve? The credit won't be enough to drive people into the exchange. It scales down as they pay more for each employer.
- cc. Director Licht – can you explain the tax credit?
- i. Deb Faulkner: Up to 50% of the cost of insurance back depending on the average income of their employees. If you have less than 25 full time employees you can get up to 50% of the cost of your insurance back. Up to 82% of small businesses in RI would qualify – but you have to choose between the deduction and this new credit. About 19% of the small businesses we think would qualify for the max credit and those should be of value. As to take up now, you can get up to 35% back and we haven't gotten an estimate of take up currently.
- dd. Director Licht – so if you're offering health insurance now – already – you could still be eligible? A lot of small businesses that are <5 or <10 are covered – the owners themselves are covered, but they're not allowed to get the deduction or the credit either?
- i. Dan Meuse – owners and their families cannot take the credit.
There is also a non-profit credit that can be taken off the payroll tax. This is a decision each business needs to make independently.
- ee. Director Licht – if I have a small number of employees, since I cannot deduct, I'm paying but I want the platinum for some reason – am I now going to switch to one of these choice models on SHOP? Now I only have to provide bronze now? That's sort of a perverse incentive.
- i. Deb Faulkner – that's a legitimate concern.
- ff. Linda Katz – that's the risk of going that way. Its also figuring out, whether the employer stops offering now, what is the penalty? And if that's meaningful to them?
- gg. Pam McKnight – people clearly want a choice model, my preference would be to at least offer that and see how it goes.

- hh. Mike Gerhardt – have you talked to the carriers?
 - i. Deb Faulkner – we have talked to them some and we’ve also brought this to the stakeholder group. The one thing carriers suggested was a full employee choice within a carrier.
 - ii. Dan Meuse - They didn’t like the regional model.
- ii. Tim Melia – if you give them a defined contribution vs. a choice model, they won’t offer platinum or the highest level...?
 - i. Deb – right, so doing a full employee choice model but only between bronze and gold.
 - ii. Director Licht – My answer then is that we should consider the choice models.
- jj. General Consensus is that we should consider these choice models.

V. New Business

- a. Mike Gerhardt – what is the agenda on Thursday (*the full Healthcare Reform Commission Meeting*)?
- b. Dan Meuse – Senator Whitehouse will speak to the opportunities the ACA gives states in delivery and payment reform options. The other topic will be a short update on the process going forward for Essential Health Benefits selection. There will be a work group of the Commission that will go through the topics and we’ll be trying to get folks involved. We try to keep these meetings to 90 minutes.

VI. Public Comment - There was no public comment given at this time.

VII. Adjourn. The meeting adjourned at 2:43pm.